



NORTH CAROLINA GENERAL ASSEMBLY

Session 2019

Fiscal Analysis Memorandum

CONFIDENTIAL

Requestor: Representatives Howard, Setzer, and Szoka
Analyst(s): Denise Canada
RE: PCS to H112, Roanoke Rapids Local Option Sales Tax

SUMMARY TABLE

| FISCAL IMPACT OF PCS to H112, V.1 (\$ in millions) | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>FY 2019-20</u> | <u>FY 2020-21</u> | <u>FY 2021-22</u> | <u>FY 2022-23</u> | <u>FY 2023-24</u> |
| Local Impact | | | | | |
| Local Revenue | 0.3 | 1.2 | 1.3 | 1.3 | 1.3 |
| Less Local Expenditures | - | - | - | - | - |
| NET LOCAL IMPACT | \$0.3 | \$1.2 | \$1.3 | \$1.3 | \$1.3 |

FISCAL IMPACT SUMMARY

The PCS to H112 would allow the city of Roanoke Rapids to levy, upon approval of the voters, an additional 1¢ (one cent) local option sales tax to be used to pay the debt service on the Roanoke Rapids Theatre.

FISCAL ANALYSIS

Although there is no publicly-available data for forecasting with certainty the amount of sales tax revenue that would be generated by a 1¢ sales tax within the city of Roanoke Rapids, data about existing Halifax County sales taxes can help approximate the potential revenue to be generated by the city tax authorized in the PCS.

According to the North Carolina Department of Revenue (DOR), Halifax County generated approximately \$5.75 million from its 1¢ sales tax in FY 2017-18 (the most recent full year of data available), suggesting that taxable sales totaled \$575 million in the county in FY 2017-18.

According to data provided to DOR by the county and by the State Demographer's office:

- Roanoke Rapids generated \$9.4 million in property tax revenue in FY 2017-18; Halifax County, which includes the Roanoke Rapids tax base, generated \$32.7 million.
- Roanoke Rapids has an estimated 15,000 residents; Halifax County population, including Roanoke Rapids, totals approximately 52,000.



Based on these figures, it is reasonable to estimate that Roanoke Rapids would account for at least 20% of all sales (or \$115 million in taxable sales) in Halifax County; if this were the case, a 1¢ city sales tax would have generated approximately \$1.15 million in FY 2017-18, and this figure has been adjusted annually in the table on page 1 of this memo based on projections of the PCE - Personal Consumption Expenditures Index. However, without any city-specific data available, it should be noted that the tax could potentially generate far more (or somewhat less) than this conservative estimate.

Based on prospective referenda dates and the implementation timeframe required following a referendum, the earliest possible date that the proposed tax could be levied is April 1, 2020.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

North Carolina Department of Revenue; Moody's economy.com.

FISCAL ANALYSIS MEMORANDUM – PURPOSE AND LIMITATIONS

This document is a fiscal analysis of a bill, draft bill, amendment, committee substitute, or conference committee report that is confidential under Chapter 120 of the General Statutes. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts. This document is not an official fiscal note. If a formal fiscal note is requested, please email your request to the Fiscal Research Division at FiscalNoteRequests@ncleg.net or call (919) 733-4910.

